

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 EB-08 CIAE-00 PM-04 INR-07 L-03
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FM AMEMBASSY BUCHAREST
TO SECSTATE WASHDC 1319
INFO USMISSION NATO
AMEMBASSY MOSCOW
AMEMBASSY PRAGUE
AMEMBASSY WARSAW
AMEMBASSY BERLIN
AMEMBASSY BUDAPEST
AMEMBASSY SOFIA
USMISSION GENEVA
USMISSION EC BRUSSELS
AMEMBASSY BELGRADE

C O N F I D E N T I A L BUCHAREST 0569

E.O. 11652: N/A
TAGS: PFOR, CSCE, EEWT
SUBJ: ECONADS: US BASKET TWO PROPOSALS
REF: STATE 013664

1. SUMMARY. WASHINGTON PROPOSALS HAVE LIMITED APPLICABILITY
AT BEST TO ROMANIA. WHILE WE OFFER A FEW ADDITIONAL SUGGESTIONS,
WE BELIEVE PRIMARY EMPHASIS IN BASKET TWO SHOULD BE ON IMPLEMENT-
ATION OF EXISTING PROVISIONS. END SUMMARY.

2. WE RECOGNIZE THAT PROPOSALS WERE FRAMED FOR REGION AS WHOLE
WITH DUE RECOGNITION OF FACT THAT NOT EVERY PROPOSAL WOULD BE
RELEVANT TO EACH INDIVIDUAL COUNTRY. UNFORTUNATELY, FROM
NARROW PERSPECTIVE OF ROMANIA, WE VIEW MAJORITY OF SUGGESTED
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INITIATIVES AS EITHER OUTDATED (MULTI-FIRM REPRESENTATIONAL
OFFICES, JOINT EQUITY VENTURES) OR QUESTINABLE (ENTERPRISE
DATA, ENCOURAGEMENT OF EASTERN EXPORTS, "RESIDENT" BUSINESS
VISAS).

3. OUR VIEWS, PROPOSAL-BY-PROPOSAL, ARE AS FOLLOWS:

A. JOINT OFFICES. POSSIBILITY FOR SEVERAL FIRMS TO JOIN TOGETHER IN SINGLE REPRESENTATION HAS LONG BEEN FACT IN ROMANIA. ONE OF MORE SUCCESSFUL REPRESENTATIVE OFFICES IN BUCHAREST FROM STANDPOINT OF BUSINESS GENERAGED HAS BEEN MOODY INTERNATIONAL, SMALL COMPANY WHICH REPRESENTS NUMBER OF LARGE MANUFACTURERS (GENERAL TIRE, ELI LILLY, J.I. CASE, FOXBORO, ET AL). NEGOTIATIONS ARE NOW UNDERWAY BETWEEN MOODY AND SEVERAL MEMBERS OF NATIONAL ASSOC. OF MACHINE TOOL BUILDERS FOR SIMILAR OPERATION. IN ADDITION, WE NOTE THAT, EXCEPT FOR STRESS ON SMALL FIRMS, PROVISION FOR JOINT OFFICES ALREADY COVERED IN BASKET TWO SECTION ON BUSINESS CONTACTS AND FACILITIES.

B. ENTERPRISE DATA. CONSIDERING ORGANIZATIONAL STRUCTURE OF ROMANIA ECONOMY, WE BELIEVE THAT WE COULD NOT RPT NOT JUSTIFY NEED FOR DETAILED INFORMATION AT ENTERPRISE LEVEL. NEITHER WE NOR OUT FIRMS WOULD HAVE INTEREST IN COMMUNICATION WITH UNDREDS, IF NOT THOUSANDS, OF ENTERPRISES WHICH ARE SOLEY ENGAGED IN PROVISION OF DOMESTIC SERVICES OR WHICH HAVE NO VOICE IN ROMANIAN FOREIGN TRADE. INSISTENCE ON NAMES OF ENTERPRISE DIRECTORS IN COUNTRIES WHERE TURN-OVERS ARE FREQUENT WOULD ALSO MAKE THIS INFORMATION EXCHANGE UNWIELDY AND PROVOKE UNNECESSARY EE RESISTANCE TO CONCEPT. INSTEAD, WE WOULD RECOMMEND MORE RESTRICTED, REALISTIC EXCHANGE, WHICH ROMANIANS IN FACT AGREED TO AT NOVEMBER JOINT ECONOMIC COMMISSION: NAME AND ADDRESS OF UNIT DOWN TO LEVEL OF RESEARCH AND DESIGN INSTITUTES AND INDUSTRIAL CENTRALS, PRODUCT/SERVICE PROFILE OF UNIT, TITLE OF OFFICER TO WHOM CORRESPONDENCE SHOULD BE ADDRESSED, TELEX NUMBER.

C. REVERSE TECHNOLOGY FLOW. POINT, WHICH IS GOOD ONE, SEEMS REASONABLY WELL COVERED IN SUBSECTION ON "FORMS AND METHODS OF COOPERATION" THROUGH PHRASE "MUTUALLY BENEFICIAL COOPERATION". FROM CONFIDENTIAL

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ROMANIAN PERSPECTIVE THERE WOULD CERTAINLY BE NO HARM IN SEEKING MORE DIRECT REFERENCE TO RECIPROCAL FLOW OF TECHNOLOGY. A VICTIM IN PART OF ITS OWN DEVELOPING COUNTRY RHETORIC, ROMANIA HAS ALWAYS ACCEPTED PRINCIPLES OF "MUTUAL INTEREST" IN OUR GOVERNMENT-SPONSORED SCIENTIFIC EXCHANGES, WHICH FORM THE BULK OF OUR COOPERATIVE EFFORTS, BUT SLOW TO LIVE UP REAL SPIRIT OF THIS PRINCIPLE IN PRACTICE. TO THEIR CREDIT, HOWEVER, U.S. AGENCIES HAVE INCREASINGLY AND FIRMLY INSISTED ON PROJECTS OF MUTUAL BENEFIT. ON COMMERCIAL SIDE ROMANIANS HAVE BELATEDLY RECOGNIZED THE FOREIGN EXCHANGE EARNING POTENTIAL OF TECHNOLOGY EXPORTS, ENTERING RECENTLY INTO THEIR FIRST TWO-WAY AGREEMENT (WITH INTERTECHNOLOGY CORPORATION IN THE FIELD OF ENERGY.) PRELIMINARY DISCUSSIONS, STILL TREATED MORE OR LESS CONFIDENTIALLY, ARE ALSO UNDERWAY WITH BATTELLE FOR AN EVEN MORE AMBITIOUS COMMERCIAL JOINT RESEARCH EFFORT.

D. PROMOTION OF EASTERN EXPORTS. WE ARE NOT CLAR WHAT KINDS OF ENCOURAGEMENT DEPARTMENT HAS IN MIND. IF BY ENCOURAGEMENT DEPARTMENT UNDERSTANDS MARKETING ASSISTANCE, WE ARE UNDER IMPRESSION THAT CONSIDERABLE BEWT ASSISTANCE EXTENDED TO PLACE ROMANIANS IN COMMUNICATION WITH U.S. FIRMS SKIRTED CLOSE TO OR EXCEEDED LIMITS

OF CONGRESSIONAL TOLERANCE. IF, ON OTHER HAND, WE ARE POINTING TO MORE SUBTANTIVE STIMULI, SUCH AS REDUCTION OF QR'S, WE CAN ONLY HOPT THAT OUR INITIATIVE SIGNAEHS REVERSAL OF OUR RECENT RESTRAINT ACTIONS (SHOES AND TEXTILES).

E. EASTERN EXPORT CREDITS. THIS APPEARS TO BE EXCELLENT IDEA FOR DEVELOPED COUNTRIES OF REGION, BUT WE WOULD THINK WE COULD WANT TO EXCLUDE DEVELOPING COUNTRIES (IN WHICH CATEGORY WE HAVE PLACED ROMANIA FOR PROGRAMS SUCH AS GENERALIZED PREFERENCES). ROMANIA DOES EXTEND CREDITS TO SUPPORT ITS EXPORTS, BUT TO OUR KNOWLEDGE THESE HAVE BEEN LIMITED TO DEVELOPING COUNTRIES.

F. MULTIPLE ENTRY/EXIT VISAS. WE ARE FRANKLY PUZZLED BY THIS PROPOSAL SINCE DEPRMTMENT TOOK EIGHTEEN MONTHS TO AUTHORIZE US TO OFFER ROMANIANS SIX-MONTH MULTIPLE ENTRIES. IF IN FACT THERE IS INTER-AGENCY AGREEMENT ON 12 MONTHS VALIDITY, WE WOULD LIKE TO BE ABLE TO OFFER THIS TO ROMANIANS NOW SINCE THEIR PRACTICE CURRENTLY PERMITS ISSUANCE OF 12-MONTH MULTIPLE ENTRY VISAS FOR RESIDENT FOREIGN BUSINESSMEN AFTER INITIAL ENTRY.

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G. JOINT VENTURES. WE CAKNOWLEDGE IMPORTANCE OF SECURING COMMITMENT OF SLACKARDS IN REGION TO PRINCIPLE OF PERMITTING JOINT VENTRUES. AT SAME TIME WE KNOW THAT DEPARTMENT APPRECIATES THAT JOINT VENTURE WITHOUT PRIVISION FOR FOREIGN MAJORITY CONTROL IS FORM IF INDUSTRIAL COOPERATION OF VERY LIMITED APPEAL TO U.S. FIRMS.

4. IN EFFORT TO BE MORE CONSTRUCTIVE WE HAVE AGAIN REVIEWED TEXT OF BASKET TWO AND HAVE ONCE MORE BEEN IMPRESSED BY DEGREE TO WHICH FINAL ACT ADDRESSES PROBLEMS WE FACE HERE. OUR CONCLUSION IS THAT OUR EMPHASIS SHOULD CONTINUE TO BE ON MORE EFFECTIVE IMPLEMENTATION RATHER THAN NEW INITIATIVES. BASED ON LOCAL CONDITIONS WE WOULD, HOWEVER, PROPOSE THREE SUGGESTIONS.

A. FACILITATION OF VISA ISSUANCE FOR HOST COUNTRY EMPLOYEES OF FOREIGN FIRMS TO PERMIT THESE EMPLOYEES TO UNDERTAKE TRAINING, CONSULTATIONS, PARTICIPATION IN COMPANY MEETINGS AND SEMINARS AND OTHER BUSINESS-RELATED ACTIVITIES.

B. ESTABLISHMENT OF DUTY-FREE ZONES AT INTERNATION AIRPORTS AS MEANS TO ENCOURAGE FOREIGN FIRMS TO STOCK PARTS AND TO SERVE AS POSSIBLE LOCUS FOR EXPORT-ORIENTED INDUSTRIES (BY WAY OF BACKGROUND, WE HAD TWO AMERICAN FIRMS OF UNKNOWN RELIABILITY PROPOSE TO ROMANIANS CONSTRUCTION OF INDUSTRIAL PARK CENTERED IN CUSTOMS-FREE AREA ADJECEN T TO AIRPORT, WHICH GENERATED MOMENTARY ROMANIAN INTEREST).

C. ASSURANCE OF BALANCE OF COMMERCIAL BENEFITS AND SUITABLE WORKING CONDITIONS IN OPERATION OF COMMERCIAL AIR SERVICES (GIVEN PAN AM'S CONTINUING PROBLEMS IN REGION WE BELIEVE IT WOULD BE USEFUL TO HAVE SPECIFIC CSCE PROVISION.)

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Message Attributes

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